



SERBA DINAMIK HOLDINGS BERHAD
(COMPANY NO: 201501042584 (1167905-P))
INCORPORATED IN MALAYSIA

**QUARTERLY REPORT ON THE
CONSOLIDATED RESULTS
FOR THE QUARTER AND YEAR ENDED
31st December 2019**

(The Figures in this Quarterly Report have not been Audited)

1. **Condensed Consolidated Statement of Profit or Loss and Comprehensive Income for the Quarter and year ended 31st December 2019**

a. Consolidated Profit or loss and Comprehensive Income

	Individual quarter		Changes %	Cumulative quarter		Changes %
	Quarter ended 31/12/19	Quarter ended 31/12/18		Year ended 31/12/19	Year ended 31/12/18	
	RM'000	RM'000		RM'000	RM'000	
Revenue	1,360,549	977,998	39.1%	4,528,621	3,283,174	37.9%
Cost of sales/services	(1,105,644)	(797,716)		(3,717,787)	(2,700,850)	
Gross profit	254,905	180,282	41.4%	810,834	582,324	39.2%
Other operating income	2,296	2,187		8,382	7,866	
Administrative & other operating expenses	(34,234)	(39,869)		(126,651)	(116,858)	
Results from operating activities	222,967	142,600	56.4%	692,565	473,332	46.3%
Finance income	5,642	9,492		21,522	12,535	
Finance costs	(109,965)	(23,855)		(204,295)	(62,122)	
Net finance costs	(104,323)	(14,363)	626.3%	(182,773)	(49,587)	268.6%
Share of results of equity accounted associates	20,474	6,593		35,036	13,880	
Profit before tax	139,118	134,830	3.2%	544,828	437,625	24.5%
Tax expense	1,130	(20,940)		(46,845)	(44,783)	
Profit for the period/year	140,248	113,890	23.1%	497,983	392,842	26.8%
Items that may be reclassified subsequently to profit and loss:						
Foreign currency translation differences for foreign operations	(31,518)	(13,488)		(7,846)	258	
Share of other comprehensive income of equity accounted associates	(538)	3,447		(1,918)	3,447	
Total comprehensive income for the period/year	108,192	103,849	4.2%	488,219	396,547	23.1%
Profit/(loss) for the period/year attributable to:						
Owners of the Company	140,883	112,867		496,640	391,477	
Non-controlling interest	(635)	1,023		1,343	1,365	
Total profit for the period/year	140,248	113,890	23.1%	497,983	392,842	26.8%
Total comprehensive income for the period/year attributable to:						
Owners of the Company	108,023	102,734		485,984	395,371	
Non-controlling interest	169	1,115		2,235	1,176	
Total profit for the period/year	108,192	103,849	4.2%	488,219	396,547	23.1%

b. Earnings per share

	Individual quarter		Cumulative quarter	
	Quarter ended 31/12/19	Quarter ended 31/12/18	Year ended 31/12/19	Year ended 31/12/18
Basic(sen)	7.19	5.76	31.19	24.75

2. **Condensed Consolidated Statement of Financial Position as at 31st December 2019**

	Unaudited	Audited
	At	At
	31/12/19	31/12/18
	RM'000	RM'000
Assets		
Property, plant and equipment	1,928,723	1,273,090
Investment in associates	391,810	305,911
Other investments	5,071	503
Intangible assets	13,226	6,404
Deferred tax assets	254	501
Total non-current assets	2,339,084	1,586,409
Inventories	919,561	848,250
Contract assets	337,029	61,177
Trade and other receivables	1,265,170	957,277
Deposits and prepayments	134,360	67,265
Current tax assets	1,214	3,634
Other investments	51,172	69,952
Cash and cash equivalents	1,306,590	760,791
	4,015,096	2,768,346
Asset classified as held for sale	-	16,000
Total current assets	4,015,096	2,784,346
Total assets	6,354,180	4,370,755
Equity		
Share capital	1,344,347	1,344,347
Merger Reserve	(434,709)	(434,709)
Foreign Currency Translation Reserve	12,503	23,159
Other reserves	45,266	45,269
Retained earnings	1,465,318	1,110,109
Total equity attributable to owners of the Company	2,432,725	2,088,175
Non-controlling interest	7,160	4,090
Total equity	2,439,885	2,092,265
Liabilities		
Trade and other payables	15,063	55,183
Deferred tax liabilities	30,906	30,707
Loans and borrowings	2,946,699	1,107,505
Employee benefits	691	643
Total non-current liabilities	2,993,359	1,194,038
Trade and other payables	452,484	426,509
Contract liabilities	35,736	18,559
Loan and borrowings	404,727	603,951
Current tax payable	27,989	35,433
Total current liabilities	920,936	1,084,452
Total liabilities	3,914,295	2,278,490
Total equity and liabilities	6,354,180	4,370,755
Net assets per share (RM)	0.79*	1.42

* Lower net assets per share reported as at 31 December 2019 mainly due to increase in number of shares from 1,468,500,000 to 3,083,849,878 through share split and bonus issue exercise completed on 4 December 2019.

3. **Condensed Consolidated Statement of Cash Flows for the year ended 31st December 2019**

	Unaudited	Audited
	31/12/19	31/12/18
	RM'000	RM'000
Cash flow from operating activities		
Profit before tax	544,828	437,625
Adjustment for :		
Depreciation of property, plant and equipment	141,636	89,781
Amortisation of intangible assets	1,100	2,009
Loss on disposal of property, plant and equipment	-	18
Net unrealised foreign exchange (gain)/loss	(606)	425
Share of profit in equity-accounted associate, net of tax	(35,036)	(13,880)
Finance income	(21,522)	(12,535)
Finance costs	204,295	62,122
Post-employment benefits	49	51
Loss on disposal of trade receivable	6,339	-
Gain on disposal of subsidiaries	-	(817)
Share of other comprehensive income of associates	1,918	(3,447)
Operating profit before changes in working capital	843,001	561,352
Changes in working capital:		
Inventories	(71,525)	(262,952)
Trade and other receivables	(300,496)	(91,356)
Trade and other payables	52,700	(99,468)
Contract assets	(275,852)	(19,692)
Contract liabilities	17,176	18,559
Cash generated from operations	265,004	106,443
Profit or interest paid	(961)	(1,032)
Tax paid	(51,466)	(22,168)
Net cash from operating activities	212,577	83,243
Cash flow from investing activities:		
Acquisition of subsidiaries, net of cash and cash equivalent	(14,669)	(3,961)
Acquisition of property, plant and equipment	(868,207)	(551,917)
Proceeds from issuance of new shares to non-controlling interests	832	-
Interest received	18,575	12,535
Dividend received	10,626	10,539
Changes in term deposits pledged to banks	78,982	16,370
Increase in other investments	(32,009)	(74,888)
Acquisition of associates	(58,257)	(267,306)
Advance to an associate	(26,624)	-
Net cash used in investing activities	(890,751)	(858,628)
Cash flow from financing activities		
Profit or interest paid	(143,376)	(50,821)
Profit or interest paid for sukuk redemption	(52,320)	-
Proceeds from issuance of ordinary shares	-	416,153
Net proceeds from loans and borrowings	437,244	185,612
Net proceeds from Sukuk	1,211,478	798,990
Dividend paid to owners of the Company	(141,431)	(107,201)
Net cash generated from financing activities	1,311,595	1,242,733
Net increase in cash and cash equivalents	633,421	467,348
Effect of exchange rate fluctuation on cash held	-	5,698
Cash and cash equivalents at beginning of year	631,515	158,469
Cash and cash equivalents at end of year	1,264,936	631,515
Term deposits placed with licensed banks	222,514	232,632
Cash and bank balances	1,084,076	528,159
	1,306,590	760,791
Less: Bank overdrafts	(5,997)	(14,638)
Less: Deposits pledged	(35,657)	(114,638)
	1,264,936	631,515

4. **Condensed Consolidated Statement of Changes in Equity for the year ended 31st December 2019**

	Attributable to owners of the Company					Total	Non-controlling interest	Total equity
	Non distributable			Distributable				
	Share capital	Merger reserve	Foreign currency translation reserve	Other reserve	Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 31 st December 2017	928,194	(434,709)	19,265	45,269	825,833	1,383,852	3,877	1,387,729
Issue of ordinary share	427,200	-	-	-	-	427,200	-	427,200
Share issue expenses	(11,047)	-	-	-	-	(11,047)	-	(11,047)
Foreign currency translation differences for foreign operations	-	-	447	-	-	447	(189)	258
Share of other comprehensive income of an associate	-	-	3,447	-	-	3,447	-	3,447
Profit for the year	-	-	-	-	391,477	391,477	1,365	392,842
Total comprehensive income for the year	-	-	3,894	-	391,477	395,371	1,176	396,547
Dividend paid to owners of the Company	-	-	-	-	(107,201)	(107,201)	-	(107,201)
Disposal of a subsidiary	-	-	-	-	-	-	(963)	(963)
At 31st December 2018	1,344,347	(434,709)	23,159	45,269	1,110,109	2,088,175	4,090	2,092,265
Foreign currency translation differences for foreign operations	-	-	(8,738)	-	-	(8,738)	892	(7,846)
Share of other comprehensive income of an associate	-	-	(1,918)	-	-	(1,918)	-	(1,918)
Profit for the year	-	-	-	-	496,640	496,640	1,343	497,983
Total comprehensive income for the year	-	-	(10,656)	-	496,640	485,984	2,235	488,219
Dividend paid to owners of the Company	-	-	-	-	(141,431)	(141,431)	-	(141,431)
Non-controlling interest of a new subsidiary Company acquired	-	-	-	-	-	-	226	226
Issuance of share by subsidiaries	-	-	-	-	-	-	606	606
Transfer to other reserve	-	-	-	(3)	-	(3)	3	-
At 31st December 2019	1,344,347	(434,709)	12,503	45,266	1,465,318	2,432,725	7,160	2,439,885

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS PER MFRS 134

A1. Basis of Preparation

The condensed interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of Serba Dinamik Holdings Berhad and its subsidiaries ("**the Group**") for the financial year ended 31 December 2018.

A2. Changes in accounting policies

The accounting policies adopted by the Group in this interim financial statement are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2018 except for the newly-issued Malaysian Financial Reporting Standard ("MFRS") and amendments to standards to be applied by all Entities Other Than Private Entities for the financial period beginning on or after 1 January 2019: -

- MFRS 16, *Leases*
- Amendments to MFRS 3, *Business Combinations*
- Amendments to MFRS 9, *Financial Instruments*
- Amendments to MFRS 11, *Joint Arrangements*
- Amendments to MFRS 112, *Income Taxes*
- Amendments to MFRS 119, *Employee Benefits*
- Amendments to MFRS 123, *Borrowing Costs*
- Amendments to MFRS 128, *Investments in Associates*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group:

MFRS/ Amendment/ Interpretation	Effective date
Amendments to MFRS 3, <i>Business Combinations (Definition of a Business)</i>	1 January 2020
Amendments to MFRS 101, <i>Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material</i>	1 January 2020
Amendments to MFRS 9 <i>Financial Instruments</i> , MFRS 139 <i>Financial Instruments: Recognition and Measurement</i> and MFRS 7 <i>Financial Instruments: Disclosure – Interest Rate Benchmark Reform</i>	1 January 2020
MFRS 17, <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10, <i>Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be Confirmed

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS PER MFRS 134 (CONT'D)

A2. Changes in accounting policies (Cont'd)

The Group plans to apply from the annual period beginning on 1 January 2020 for the accounting standard that is effective for annual periods beginning on or after 1 January 2020. The Group does not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group.

The initial application for the abovementioned accounting standards, amendments or interpretations are not expected to have any material financial impacts to the financial statements of the Group.

(a) Basis of measurement

The financial statements have been prepared on the historical cost basis other than disclosed in the report.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

(c) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognized in the financial statements.

A3. Auditors' report

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2018.

A4. Seasonality and cyclicality of operations

The Group's operations are not materially affected by any seasonal or cyclical factors.



PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS PER MFRS 134 (CONT'D)

A5. Unusual items due to the nature, size and incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows for the current financial period.

A6. Changes in estimates

There were no changes in estimates that have a material effect in the current financial period.

A7. Debt and equity securities

The number of ordinary shares of the Company has increased from 1,468,500,000 to 3,083,849,878 following the listing of the subdivided shares and bonus shares, as detailed below on the Main Market of Bursa Securities on 4 December 2019:

- I. number of subdivided shares of 734,249,957 pursuant to share split involving a subdivision of every two existing ordinary shares into three shares; and
- II. number of bonus shares of 881,099,921 pursuant to bonus issue on the basis of two bonus shares for every five subdivided shares;

The issuance of 881,099,921 free warrants on the basis of two warrants for every five subdivided shares has been completed on 13 December 2019 following the listing and quotation of the warrants on the Main Market of Bursa Securities.

Other than the above, there were no unusual items affecting the debt and equity securities for the current financial period other than disclosed in Note A8.

A8. Significant events during the financial year and subsequent events

- i) On 9 May 2019, the Group via Serba Dinamik International Ltd, a wholly owned subsidiary of the Company, has issued and finalized a Sukuk Wakalah programme, and raised approximately USD300 million for the purpose of general working capital and refinancing of existing debts with tenure of 3 years, payable semi-annually, and with maturity on 2022.
- ii) On 12 December 2019, the Group via Serba Dinamik International Ltd, a wholly owned subsidiary of the Company, has issued and finalized a Sukuk Wakalah programme, and raised approximately USD200 million for the purpose of capital expenditure for equity injection in projects and general working capital with tenure of 5 years & 3 months, payable semi-annually, and with maturity on 2025.



PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS PER MFRS 134 (CONT'D)

A9. Changes in the composition of the Group

- i) On 15 March 2019, the Group via Serba Dinamik Sdn Bhd, a wholly owned subsidiary of the Company, has subscribed 1,000,000 ordinary shares representing 100% shareholding in SG Rek Sdn Bhd ("SGR") for a total cash consideration of approximately RM8,000,000.
- ii) On 5 April 2019, the Group via Serba Dinamik IT Solutions Sdn Bhd, a wholly owned subsidiary of the Company, has subscribed 250,000 ordinary shares representing 100% shareholdings in SDIT International Ltd ("SDITIL") for a cash consideration of USD250,000.
- iii) On 20 May 2019, the Group via Serba Dinamik International Ltd, a wholly owned subsidiary of the Company, has signed sale share agreement to subscribed 23,400 ordinary shares representing 30.0% shareholding in OMT S.r.l ("OMT") for a total cash consideration of EUR1,235,520.
- iv) On 8 July 2019, the Group via Serba Dinamik Group Bhd, a wholly owned subsidiary of the Company, has incorporated a Company known as Bintulu Oil & Gas City Sdn Bhd.
- v) On 9 July 2019, the Group via Serba Dinamik International Ltd, a wholly owned subsidiary of the Company, has subscribed 13,111 ordinary shares representing 22.5% shareholding in Geppert Hydropower ("Geppert") for a total cash consideration of EUR5,000,000.

A10. Contingent assets and liabilities

There were no material changes in contingent liabilities or contingent assets arising since the last audited financial statements for the financial year ended 31 December 2018.

A11. Capital commitments

Capital commitments of the Group in respect of property, plant and equipment as 31st December 2019 are as follows: -

	RM'000
Land and Building	
Approved and contracted for	436,440

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS PER MFRS 134 (CONT'D)

A12. Taxation

Taxation comprises the following:

	Individual quarter		Cumulative quarter	
	Quarter ended 31/12/19	Quarter ended 31/12/18	Year ended 31/12/19	Year ended 31/12/18
	RM'000	RM'000	RM'000	RM'000
Current Taxation:				
Malaysian Taxation	(7,161)	11,459	46,315	26,841
Foreign Taxation	(750)	60	651	562
Total Current Taxation	(7,911)	11,519	46,966	27,403
Deferred Taxation	6,781	9,421	(121)	17,380
Total Taxation	(1,130)	20,940	46,845	44,783

The Group are subject to income tax at the applicable statutory tax rates in Malaysia and overseas with foreign subsidiaries. Domestic income tax is calculated at the Malaysian statutory tax rate of 24.0% of the estimated assessable profit for the year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

The Group has few Labuan companies which are govern under Labuan Business Activity Act 1990 ("LBATA"). Based on Labuan Business Activity Tax (Amendment) Bill 2019 and clarification from Certified Tax Institute of Malaysia ("CTIM") through its memorandum on issues arising from Labuan Business Activity Tax (Amendment) Bill 2019 dated 18 December 2019, Labuan business activity which is not listed in the amended regulations will be taxed under the Income Tax Act 1967. As a result of this, some of the group's Labuan companies that are not listed in the amended regulations will be taxed under the Income Tax Act 1967.

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PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA

B1. Segment Information

The Group has three reportable segments, as described below which are the Group's strategic business units. For each of the strategic business units, the Group Chief Executive Officer, reviews internal management report quarterly. The following described the operations in each of the Group's reportable segments.

- O&M - Operation and maintenance which include maintenance, repair and overhaul of rotating equipment ("MRO"), inspection, repair and maintenance of static equipment and structure ("IRM"), maintenance of process control and instrumentation and other related services.
- EPCC - Engineering, procurement, construction and commissioning which include among others, piping systems, process control and instrumentation, equipment installation, power generation plant, gas compression plant, auxiliary power generation and firefighting system and other related services.
- Others - Technical training, information, communication and technology ("ICT") solutions and supply of products and parts.

B2. Review of Performance

i) Current quarter vs Corresponding quarter of the preceding year

	Revenue		Operating profit		Variance	
	Quarter ended		Quarter ended		Revenue	Operating Profit
	31/12/19	31/12/18	31/12/19	31/12/18		
	RM'000	RM'000	RM'000	RM'000	%	%
Business Segments:						
O&M	1,159,073	873,321	222,755	163,280	32.7	36.4
EPCC	143,933	103,750	22,319	16,803	38.7	32.8
Others	57,543	927	9,831	199	6,107.4	4,840.2
Group Revenue/ Operating Profit	1,360,549	977,998	254,905	180,282	39.1	41.4
Corporate Expenses and Elimination			(115,787)	(45,452)		154.7
Profit Before Tax			139,118	134,830		3.2

For the quarter ended 31 December 2019 ("Q4FY19"), the Group recorded revenue of RM1,360.5 million which was 39.1% higher than corresponding quarter of the preceding year ("Q4FY18") due to strong activities from O&M and supported by significant increase in Other product & services. The operating profit for the quarter stood at RM254.9 million or 18.7% of total revenue. The Group also recorded profit before taxation of RM139.1 million, 3.2% higher as compared to profit before taxation of RM134.8 million in Q4FY18.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B2. Review of Performance (Cont'd)

i) Current quarter vs Corresponding quarter of the preceding year (Cont'd)

O&M contributed 85.2% of revenue in Q4FY19 with an increase of RM285.8 million or 32.7% against Q4FY18. The increase was due to higher activities from our MRO activity in middle east region such as Qatar, UAE & Bahrain, and Malaysia. IRM activity also showed higher growth against Q4FY18. The segment recorded an improved operating profit of RM222.8 million which represents a gross margin of 19.2%.

EPCC revenue recorded a total of RM143.9 million, increased by RM40.2 million against Q4FY18 and contributed 10.6% of the total revenue of the Group. Increased revenue from EPCC segment was mainly derived from our chlor-alkali plant in Tanzania and activity with Petronas Carigali Sdn Bhd in Malaysia. The segment recorded an operating profit of RM22.3 million yielding a gross margin of 15.5%.

Other product and services recorded revenue of RM57.5 million or 4.2% of the total revenue. This was mainly derived from the provision of IT related services which relating to customize solutions involving software developments in country such as Qatar.

ii) Current quarter vs immediate preceding quarter

	Revenue		Operating profit		Variance	
	Quarter ended		Quarter ended		Revenue	Operating Profit
	31/12/19	30/09/19	31/12/19	30/09/19		
	RM'000	RM'000	RM'000	RM'000	%	%
Business Segments:						
O&M	1,159,073	925,770	222,755	161,622	25.2	37.8
EPCC	143,933	106,688	22,319	16,219	34.9	37.6
Others	57,543	12,605	9,831	2,160	356.5	355.1
Group revenue/ operating profit	1,360,549	1,045,063	254,905	180,001	30.2	41.6
Corporate Expenses and Elimination			(115,787)	(42,617)		171.7
Profit before tax			139,118	137,384		1.3

For quarter ended 31 December 2019, the Group recorded increase of revenue of 30.2% from immediate preceding quarter ("Q3FY19") mainly due to increase revenue from O&M activity. Overall Operating profit stood at RM254.9 million, an increase of RM74.9 million or 41.6% higher against Q3FY19.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B2. Review of Performance (Cont'd)

ii) Current quarter vs immediate preceding quarter (Cont'd)

O&M revenue increased by RM233.3 million or 25.2% higher than Q3FY19 as some countries showed a significant increase in activity, namely Malaysia, Qatar & Turkmenistan. Operating profit increased in line with revenue and GP margin improved by 1.7%.

EPCC revenue recorded an increase of RM37.2 million or 34.9% higher against Q3FY19 mainly derived from our contract with Msufini (T) Limited in Tanzania and Petronas Carigali Sdn Bhd in Malaysia. Operating profit also recorded an increase from RM16.2 million in Q3FY19 to RM22.3 million in Q4FY19 resulting in 15.5% of gross profit margin.

Other product and services also recorded an increase revenue of RM44.9 million or 356.5% higher against Q3FY19 due to increase in activity from IT related services relating to customize solutions for software development.

iii) Current year vs Corresponding year of the preceding year

	Revenue		Operating profit		Variance	
	Year ended		Year ended		Revenue	Operating Profit
	31/12/19	31/12/18	31/12/19	31/12/18		
	RM'000	RM'000	RM'000	RM'000	%	%
Business Segments:						
O&M	3,895,228	2,928,551	710,923	524,320	33.0	35.6
EPCC	509,031	346,811	77,791	55,901	46.8	39.2
Others	124,362	7,812	22,120	2,103	1,491.9	951.8
Group revenue/ operating profit	4,528,621	3,283,174	810,834	582,324	37.9	39.2
Corporate Expenses and Elimination			(266,006)	(144,699)		83.8
Profit before tax			544,828	437,625		24.5

The group's year to date ("YTD") revenue recorded a total of RM4,528.6 million with operating profit at RM810.8 million or 17.9% of total revenue. This is an improvement against the same period last year with 37.9% and 39.2% for revenue and operating profit respectively. O&M have shown an increase in revenue of 33.0% mainly from middle east region, Malaysia as well as Indonesia. O&M operating profit also showed an increase of 35.6% against the corresponding period of the preceding year.

EPCC and other product & services also showed an increase in revenue of RM162.2 million and RM116.6 million or 46.8% and 1,491.9% respectively. The operating profit for both business segments also improved by RM21.9 million and RM20.0 million or 39.2% and 951.8% increase against the corresponding period of the preceding year.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B2. Review of Performance (Cont'd)

iii) Current year vs Corresponding year of the preceding year (Cont'd)

Despite the increase in the corporate expenses and elimination year on year, the group's cumulative profit before tax improved to RM544.8 million, RM107.2 million higher than the corresponding period of the preceding year.

iv) Segmental Revenue by countries

	Individual quarter		Cumulative quarter	
	31/12/19	31/12/18	31/12/19	31/12/18
	RM'000	RM'000	RM'000	RM'000
Malaysia	395,454	278,660	1,305,559	920,250
Indonesia	12,480	20,780	155,443	70,399
Laos	1,358	-	12,326	-
South East Asia	409,292	299,440	1,473,328	990,649
Turkmenistan	95,767	98,416	175,325	239,514
Kazakhstan	-	1,789	-	1,789
India	16	-	16,555	-
Uzbekistan	7,888	-	24,320	-
Central & South Asia	103,671	100,205	216,200	241,303
Bahrain	122,045	101,790	382,011	327,204
UAE	232,270	161,699	889,945	674,919
Qatar	427,063	235,320	1,243,263	681,244
Oman	-	552	-	46,764
Kingdom of Saudi Arabia	25,027	55,669	188,287	274,998
Kuwait	51	152	26,879	12,848
Middle East	806,456	555,182	2,730,385	2,017,977
Tanzania	38,508	22,539	104,015	29,821
United Kingdom	2,622	632	4,693	3,424
Total	1,360,549	977,998	4,528,621	3,283,174

On geographical segmentation, Malaysia remained as the biggest revenue contributor by country, recording a total of RM395.5 million for Q4FY19 or 29.1% of total revenue recording an improvement of 41.9% against Q4FY18. The improvement in revenue is mainly contributed by higher call out works for O&M and EPCC activity. Indonesia contributed 0.9% of total revenue for the quarter or RM12.5 million and Laos contributed RM1.4 million for the quarter.

The middle east region continued to be the highest revenue contributor for the group at regional level. Middle east contributed 59.3% of the overall revenue for the quarter or RM806.5 million, an increase of RM251.3 million against Q4FY18. The increase was mainly contributed by higher call out activity in Qatar & UAE.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B2. Review of Performance (Cont'd)

iv) Segmental Revenue by countries (Cont'd)

The Group central and south asia region contributed RM103.7 million or 7.6% of total revenue for the Group, with the revenue recognised mainly from Turkmenistan amounting to RM95.8 million whereas Uzbekistan shows revenue contribution of RM7.9 million relating to O&M activities.

Africa region through Tanzania contributed RM38.5 million to the Group or 2.8% of current quarter revenue. The revenue is derived from our EPCC contract for the development of 45 mtpd Chlor-Alkali plant in Kibaha District Coast region in Tanzania while Europe contributed RM2.6 million of revenue.

B3. (a) Commentary on prospects

Malaysia GDP recorded a moderate growth of 4.4% for 3Q2019 (2Q2019: 4.9%) primarily attributed to lower growth in key sectors and a decline in the mining and construction activities. Domestic demand growth moderated, with private sector expenditure remaining the key contributor to growth. The global economy expanded at a more moderate pace in the 3Q2019 mainly due to weaker export performance in regional economies amid softer external demand. Financial market volatility increased due to trade, geopolitical and market developments.

IMF in their recent report global growth is forecast at 3.3% in 2020 and 3.4% in 2021, a downward revision of 0.1% and 0.2% for 2020 and 2021 respectively compared to October's World Economic Outlook. The downward revision primarily reflects negative surprises to economic activity in a few emerging market economies, notably India, which led to a reassessment of growth prospects over the next two years. In a few cases, this reassessment also reflects the impact of increased social unrest.

On the Oil and Gas front, oil prices rebounded in November to settle at their highest level since last July, on a monthly basis, mainly driven by optimism and positive expectations for a trade agreement between the US and China, as well as an improved outlook for global oil demand amid better-than-expected economic indicators in some major economies. Oil prices rose further on strong performances in equity markets following signs of progress in trade negotiations that raised optimism over the global economy. Oil markets were also supported by the continuing production adjustments from OPEC and Non-OPEC countries participating in the 'Declaration of Cooperation', with strong conformity levels that contribute to balancing the global oil market.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B3. (a) Commentary on prospects (Cont'd)

As a global integrated engineering service provider, the Group believe that the current business model is able to support the instability economic and political conditions. The Group has always been focusing on its core capabilities in operation and maintenance ("O&M") and engineering, procurement, construction and commissioning ("EPCC"). The two business segments have been contributing significantly towards the Group growth over the past few years. The Group also are looking to expand its other products and services which mainly coming from IT services and education and training services.

Moving forward, the Group will continue to strengthen its position in middle east and south east asia. The Group recent announcement of twelve (12) new contracts in Malaysia, Indonesia and Oman showcase our commitment to further enhance our presence in these two regions. Also, in 2019 the group manage to secure 3 new contracts in central asia, and the Group expect to secure more new contracts as central asia has been viewed as the next region for growth under the Group. The Group is also committed to expand their presence in Africa and in America region to enable the Group to be a reputable global player in the O&M and EPCC space.

On technology frontier, the Group has implemented Industry 4.0 into the business model. Such implementation has added value to the solutions that we are offering in O&M and EPCC segment. It helps our clients in improving the efficiency and productivity of their respective assets. Specialise solution such as SMART MAINTENANCE has been recognised by way of the Group being awarded the Smart Virtual Reality Health, Safety & Environment ("HSE") Training Centre for PT Pertamina Hulu Kalimantan Timur. This contract should be able to boost revenue for the Group's other products and services segment. The scope of the contract involves virtual reality technology and equipment as well as constructing practical demo room for the customer.

The Group also has produced advance mobile application-based such as QwikPay, Malaysia Third Party Administrator ("MyTPA"), Global Content Exchange ("GCE") and EasyBuyBye which helps the Group to capture new stream of revenue in consumer market. This could be a huge potential and opportunity where statistically as at December 2019 there is 7.7 billion world population that the Group can tap into. With the increase in number of mobile users and mobile application downloads year on year globally, the Group believe the mobile application-based business will be able to contribute sizable revenue in upcoming year.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B3. (a) Commentary on prospects (Cont'd)

The Group also look into enhancing education and training services as this is critical supporting service to the group's O&M business operations. The Group has technical training programs that designed specifically to meet the latest industry needs. Therefore, its emphasis on developing intellectual, specialised skillsets and ethical values to a balanced and competent skilled manpower. The technical training programs and courses cater both MRO as well as IRM services package.

The Group still foresee O&M business segment as a major revenue contributor for the Group in light of various new contract wins and renewals of existing contract. EPCC will continue to contribute considerably to the Group with the additional contract in hand. IT services and education and training are being nurtured and developed to be a strong contributor to Group's revenue as pledged in the Company's Prospectus. Overall, the management is positive about the future results and prospects of the Group.

Sources:

- *BNM Quarterly Bulletin, Bank Negara Malaysia;*
- *World Economic Outlook, IMF;*
- *OPEC Monthly Oil Market Report, OPEC*

(b) Revenue or profit estimate, forecast, projection or internal targets

The Company has not provided any revenue or profit estimate, forecast, projection or internal targets in any previous announcement or public document.

B4. Status of corporate proposals announced

In conjunction with and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of the Company on Bursa Malaysia Securities Berhad, the following transactions were /are undertaken by the Company:

(i) Utilisation of Proceeds from Initial Public Offering on 8 February 2017

The gross proceeds from the Initial Public Issue of RM407.10 million shall be utilised in the following manner:

<u>Details of utilisation of proceeds</u>	<u>Estimated timeframe for utilisation</u>	<u>RM '000</u>	<u>%</u>	<u>Actual Utilisation RM '000</u>	<u>% Utilised</u>
Expansion of business and operational facilities	Within 12 to 36 months	300,000	73.7	230,000	76.7
Working capital	Within 36 months	29,300	7.2	29,300	100.0
Repayment of bank borrowings/financing	Within 12 months	60,000	14.7	60,000	100.0
Estimated listing expenses	Within 6 months	17,800	4.4	17,800	100.0
Total gross proceeds		407,100	100.0	337,100	82.8

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B4. Status of corporate proposals announced (Cont'd)

(i) Utilisation of Proceeds from Initial Public Offering on 8 February 2017 (Cont'd)

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 30 December 2016.

Post Listing, we have utilised a total of RM337.1 million of the IPO proceeds out of which RM230.0 million was used for expansion of our business as follows:-

- i. Approximately RM70.0 million was utilised for the establishment of the new MRO and IRM centre in Bintulu Sarawak.
- ii. Approximately RM20.0 million was utilised for the establishment of a new facility and upgrading of existing facility in Johor Malaysia.
- iii. Approximately RM15.0 million was utilised for upgrading our existing operational facilities in Malaysia and UAE.
- iv. Approximately RM30.0 million was utilised for acquiring our corporate office building in Selangor, Malaysia.
- v. Approximately RM95.0 million was utilised for investment and acquisition.

As at the date of this announcement, any excess fund not utilised will be use for our working capital requirement in line with our Prospectus dated 30 December 2016.

(ii) Utilisation of Proceeds from Private Placement on 30 January 2018

The gross proceeds from the Private Placement of RM427.20 million shall be utilised in the following manner:

Details of utilisation of proceeds	Estimated timeframe for utilisation	RM '000	%	Actual Utilisation RM '000	% Utilised
Partial Development of Pengerang eco Industrial Park ("PeIP")	Within 24 months	270,486	63.3	164,956	61.0
Partial Development of Pengerang International Commercial Centre ("PiCC")	Within 24 months	38,301	9.0	23,358	61.0
Working capital for the EPCC work in Tanzania	Within 24 months	111,113	26.0	111,113	100.0
Estimated private placement expenses	Immediately	7,300	1.7	7,300	100.0
Total gross proceeds		427,200	100.0	306,727	71.8

The utilisation of the proceeds as disclosed above should be read in conjunction with the Announcement made by the Company dated 9 January 2018.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B4. Status of corporate proposals announced (Cont'd)

(iii) Certificate of Completion and Compliance (“CCC”)

As disclosed in the Prospectus dated 30 December 2016, for properties where application of CCC is required to be made within 12 months from the date of the Listing. All applications have been made accordingly and are currently pending approval from the relevant authorities as detailed below:

No.	Details	Status
1.	Lot 973, Block 26 Kemena Land District, Kidurong Industrial Estate, Bintulu, Sarawak	CCC obtained
2.	Lot 5845, Block 5 Kuala Baram Land District, Kuala Baram/ Lutong Road, Miri, Sarawak	Application was submitted on 19 September 2017 and approval is expected to be obtained within 12 to 24 months from the date of application. The approval process is still ongoing, the Group has obtained extension for another 36 months to complete the approval process.
3.	Service centre on Lot No. 3B (1R1/05), Ranche-ranche Light Industrial Estate, off Jalan Ranche-ranche, Federal Territory of Labuan	Application was submitted on 20 December 2017 and approval is expected to be obtained within 12 to 24 months from the date of application. Notwithstanding, the Group was informed that the success of the application may be subject to further renovation to be carried out in the current service centre. In the meantime, the Group is in the midst of looking for a new facility that already has CCC to replace current service centre.
4.	Service centre on Lot 9, Jalan Arsat, MPL Light Industrial Estate, Federal Territory of Labuan	CCC obtained

For Lot 5845, Block 5 Kuala Baram Land District, Kuala Baram/ Lutong Road, Miri, Sarawak, the Group has submitted the application for the conversion of the land status from agricultural status to industrial status on 19 September 2017. The Group has successfully obtained the approval from State Planning Authority on 16 January 2019.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B5. Other Operating Income

The Group's Other Operating Income as at 31st December 2019 are as follows:

	Individual quarter		Cumulative quarter	
	31/12/19 RM'000	31/12/18 RM'000	31/12/19 RM'000	31/12/18 RM'000
Foreign Exchange gain	1,092	1,050	2,311	3,372
Rental Income	881	609	3,624	2,276
Gain on disposal of subsidiaries	-	-	-	818
Others	323	528	2,447	1,400
Total	2,296	2,187	8,382	7,866

B6. Trade Receivables

The Group's Trade Receivables Ageing analysis as at 31st December 2019 are as follows:

In RM'000	31/12/19		31/12/18	
	Amount RM'000	%	Amount RM'000	%
Not past due	1,123,467	88.8	896,524	93.7
0 – 30 days past due	29,727	2.3	2,991	0.3
31 – 120 days past due	20,220	1.6	6,857	0.7
Past due more than 120 days	39,935	3.2	17,245	1.8
Total Trade Receivables	1,213,349	95.9	923,617	96.5
Other Receivables	51,821	4.1	33,660	3.5
Total Trade & Other Receivables	1,265,170	100.0	957,277	100.0

The Group normal credit period is between 30 to 90 days from the date of invoice. Other credit terms are assessed and approved on a case-by-case basis.

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PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B7. Financing/ Borrowings

The Group's financing/ borrowings as at 31st December 2019 are as follows:

In RM'000	As at 31st December 2019					
	Long term		Short term		Total borrowings	
	Foreign Currency	RM'000 Currency	Foreign Currency	RM'000 Currency	Foreign Currency	RM'000 Currency
Secured	655	935,577	202,919	201,808	203,574	1,137,385
Unsecured	2,010,467	-	-	-	2,010,467	-
In RM'000	As at 31 st December 2018					
	Long term		Short term		Total borrowings	
	Foreign Currency	RM'000 Currency	Foreign Currency	RM'000 Currency	Foreign Currency	RM'000 Currency
Secured	186,888	131,627	496,629	97,322	683,517	228,949
Unsecured	-	788,990	-	10,000	-	798,990

Financing/ Borrowings denominated in foreign currency are as follows:

Currency	31/12/19 RM'000	31/12/18 RM'000
USD	2,209,890	678,225
IDR	4,151	5,292

Currently, the Group does not have any hedging policy for financing / borrowings denominated in foreign currency due to the financing / borrowings is used to finance the Group international business which is also denominated in foreign currency. The Group monitors the foreign currency movement and will take necessary steps to minimise the risk whenever deemed appropriate.

B8. Significant related party transactions

(a) The following transactions were with companies/corporations in which certain directors have or are deemed to have substantial interest.

Nature of transaction	Cumulative quarter	
	31/12/19 RM'000	31/12/18 RM'000
Contractor charges	750	12,827
Professional service charges	5,264	4,377
Revenue from operation and maintenance	(16)	(6,610)

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B8. Significant related party transactions (Cont'd)

(b) The following transactions were with associates.

Nature of transaction	Cumulative quarter	
	31/12/19 RM'000	31/12/18 RM'000
Revenue from engineering, procurement, construction and commissioning project	(6,192)	(67)
Contract revenue	(139,231)	(84,472)

B9. Foreign Exchange Exposure/Hedging Policy

The Group revenue from overseas projects/contracts is typically denominated in USD. There is no hedging instrument being used in the Group daily operation. Any cash inflow in a USD denominated bank account where it will be used to settle the cost of operations are payable in USD. This provides a natural foreign currency hedge to the Group. Nonetheless, any unfavourable movements in the USD exchanges rate may adversely affect the Group's profitability.

B10. Material Impairment of Assets

There is no material impairment of assets by the Group for the year ended 31st December 2019.

B11. Material litigation

As at the date of this report, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Directors have no knowledge of any proceeding pending or threatened or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial or business position of the Group.

B12. Dividend

The Board of Directors have declared a fourth interim single-tier tax-exempt dividend of 1.40 sen per ordinary share in respect of the financial year ended 31 December 2019, to be paid on 30 March 2020. The entitlement date for the dividend payment is 16 March 2020.

A depositor shall qualify for entitlement to the dividend only in respect of:

- (i) Shares transferred to the depositor's securities account before 4.00pm on 16 March 2020 in respect of transfers; and
- (ii) Shares bought on Bursa Malaysia Securities Berhad cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

The total dividends for the financial year ended 31 December 2019 is 7.51 sen per ordinary share.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONT'D)

B13. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per share at 31st December 2019 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary share outstanding, calculated as follows:

	Individual quarter		Cumulative quarter	
	31/12/19	31/12/18	31/12/19	31/12/18
	RM'000	RM'000	RM'000	RM'000
Profitable attributable to ordinary shareholders	140,883	112,867	496,640	391,477
Weighted average number of ordinary shares	1,960,128	1,960,128	1,592,417	1,581,810
Basic earnings per ordinary share (sen)	7.19	5.76	31.19	24.75

The Group has no dilutive ordinary shares at the end of the financial year as the Group's market price per ordinary share is lower than warrant's exercise price, therefore diluted earnings per share will not be presented.

B14. Profit for the period/year

This is arrived after (charging)/crediting

	Individual quarter ended	Cumulative quarter
	31/12/19	31/12/19
	RM'000	RM'000
Finance income	5,462	21,522
Finance expense	(109,965)	(204,295)
Depreciation and amortization	(41,812)	(142,736)

By order of the Board

Shah Alam, Selangor Darul Ehsan

26th February 2020